

Approved: JL
JIM LIGTENBERG
Assistant United States Attorney

Before: THE HONORABLE JUDITH C. McCARTHY
United States Magistrate Judge
Southern District of New York

- - - - - X 20 MAG 8224

UNITED STATES OF AMERICA : SEALED COMPLAINT

- v. - : Violations of 18 U.S.C.
: §§ 894, 1084 and 2

JOHN CIOFALO, : COUNTY OF OFFENSE:
: ROCKLAND

Defendant. :
: X

SOUTHERN DISTRICT OF NEW YORK, ss.:

KAREN ALTIERI, being duly sworn, deposes and says that she is a Special Agent with the Federal Bureau of Investigation ("FBI"), and charges as follows:

COUNT ONE

(Transmission of Wagering Information)

1. In or about February 2019, in the Southern District of New York and elsewhere, JOHN CIOFALO, the defendant, being engaged in the business of betting and wagering, did knowingly use a wire communication facility, for the transmission in interstate or foreign commerce, between New York and Costa Rica, of bets and wagers, information assisting in the placing of bets and wagers, and wire communications which entitle the recipient to receive money and credit as a result of bets and wagers and for information assisting in the placing of bets and wagers, on sporting events and contests.

(Title 18, United States Code, Section 1084 and 2.)

COUNT TWO

(Extortionate Debt Collection)

2. From at least in or about April 2019 up to and including in or about June 2019, in the Southern District of New York and elsewhere, JOHN CIOFALO, the defendant, unlawfully, willfully, and knowingly did use extortionate means to collect and attempt to collect an extension of credit from a debtor, and to punish such person for the non-repayment of said extension of credit, as those terms are defined in Title 18, United States Code, Section 891.

(Title 18, United States Code, Section 894 and 2.)

The bases for my knowledge and the foregoing charges are, in part, as follows:

3. I am a Special Agent with the FBI, and I have been personally involved in the investigation of this matter. My duties and responsibilities include the investigation of gambling and extortion, among other crimes. I base this affidavit on that personal experience, as well as on my conversations with other law enforcement agents, and my examination of various reports and records. Because this affidavit is being submitted for the limited purpose of demonstrating probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

4. Since at least 2018, law enforcement agents in Rockland County have been investigating individuals who are running illegal gambling operations, charging usurious interest rates on gambling debts, and collecting and attempting to collect illegal gambling debts. Based on my conversations with other law enforcement agents, I know that, in or about March 2019, a confidential informant (the "CI")¹ reported to law

¹The CI has prior arrests and convictions for gambling and sex crimes, including sexual abuse in the first degree. The information provided by the CI has been corroborated and proven reliable. The CI is not being paid by law enforcement for the CI's assistance. As discussed below, however, in furtherance of

enforcement agents that the CI had incurred a gambling debt owed to JOHN CIOFALO, the defendant. The CI stated the following:

a. CIOFALO is a bookie in Rockland County who accepts bets on sporting events. He runs his operation through an offshore website, betvegas365.com, that posts gambling lines and maintains a ledger of money owed between CIOFALO and his bettors.

b. The CI had placed bets with CIOFALO on sporting events using the website. CIOFALO provided the CI with a username and password that allowed the CI to place bets on betvegas365.com. The CI did not need to put up money in advance in order to place a bet. Rather, the CI could place a bet and, if the bet lost, the CI would owe the money to CIOFALO. In 2019, the CI incurred thousands of dollars in debt to CIOFALO, who was threatening the CI in an effort to be repaid.

c. CIOFALO used a cellular phone ending in the number 9467 (the "9467 Phone") to communicate with the CI regarding gambling debts.

5. Based on my review of records from the Internet Corporation for Assigned Names and Numbers, I know that the website betvegas365.com is registered to a mailing address in Costa Rica. In addition, based on my review of Facebook records, I know that the website betvegas365.com has a "local business" page on Facebook indicating that the business is located in Costa Rica. Moreover, based on my review of law enforcement records, I know that, in or around 2017, an attorney for a proxy service hired by betvegas365.com told law enforcement that the address and telephone number for betvegas365.com were both based in Costa Rica. Finally, based on my training and experience in gambling investigations, I know that offshore sports gambling businesses are often operated from Costa Rica.

6. Based on my training and experience in gambling investigations, I know that offshore sports gambling operations like betvegas365.com typically work through agents. Using a telephone or the internet, an agent from the United States can communicate with the overseas gambling operation and specify the terms and betting limits applicable to each of the agent's

its investigation, law enforcement provided the CI with \$3,000 that went toward paying off the CI's debt.

customers. Once the agent specifies those terms for an individual customer, the gambling operation typically sends a unique username and password that allows the customer to place bets with the agent through the website.

7. Based on my review of Accurint open source materials, I know that the 9467 Phone is associated with JOHN CIOFALO, the defendant. In addition, based on my conversations with other law enforcement agents, I know that CIOFALO was captured using the 9467 Phone on a wiretap of a different phone initially authorized in or about January 2019 by the Honorable Larry J. Schwartz, Rockland Supreme and County Court, and renewed by Judge Schwartz a number of times thereafter. Law enforcement agents confirmed through visual surveillance that it was in fact CIOFALO using the 9467 Phone during times it was intercepted on the wiretap.

8. I have reviewed text messages exchanged between JOHN CIOFALO, the defendant (using the 9467 Phone) and the CI. Based on those messages, I know that CIOFALO and the CI had the following communications, some of which involved CIOFALO threatening the CI in an effort to collect the gambling debt:

a. On or about February 6, 2019, CIOFALO texted the CI "Website Betvegas365.com," along with a username and password. The password was the CI's first name. Based on my training and experience in gambling investigations, I believe that CIOFALO could not have set or obtained this username and password from betvegas365.com without communicating with betvegas365.com, via telephone or the internet, to specify the terms and betting limits applicable to the CI and to set or obtain the CI-specific password.

b. On or about February 25, 2019, CIOFALO texted the CI a list of names and dollar amounts, which included a total amount owed: "Owe total 4968." On or about March 1, 2019, CIOFALO texted the CI, "How much did you leave yesterday?" The CI replied, "4970 then -300 so I left 4670." On or about March 4, 2019, CIOFALO texted the CI another list of names and dollar amounts.

c. On or about March 9, 2019, CIOFALO texted the CI, "What time am I expecting you. People are looking for there\$ [sic].". On or about March 11, 2019, CIOFALO texted the CI another list of names and dollar amounts, and stated, "I need 5417."

d. On or about March 14, 2019, CIOFALO texted the CI, "You really put me in a bad spot . . . \$5417[.] For two weeks ago. And they are down 10 k so far this week. Get it man. This is not good. . . . You really put me against the wall."

e. On or about March 15, 2019, the CI texted CIOFALO, "John give me the total figure for this week and the rest are you there Monday . . . whatever time want me to come then I'll be there." CIOFALO replied, "Please bring the \$5417 for 2 weeks ago Total for this week-9710. So 5417+9710=15127. Please bring it when I meet you Monday So when you have it all just let me know where you are. \$15127."

f. On or about March 17, 2019, CIOFALO texted the CI, "Please let me know about tomorrow. I'm getting pressure." Later that same day, CIOFALO texted, "I have not heard back from you. Please respond." After the CI responded, CIOFALO texted, "call me. I'm trying to call you and you not answering. This is unacceptable. I've called you 5 x and left text messages. . . . Now your voice mail is full. NOT GOOD . . . TELL ME WHERE TO MEET YOU."

g. On or about March 31, 2019, CIOFALO texted the CI, "You need to call me. You turned into a real piece of dirt." On or about April 5, 2019, the CI texted CIOFALO, "I'm sorry about the shit I got my back against the fucking wall . . . I promise you I will have your money just bear with me I apologize I really need it I apologize." CIOFALO replied, "You used me. And I don't appreciate it. Actions speak louder than words. I really don't have [many] options. You put me in so much fucking shit. Just get the money to me"

h. On or about April 19, 2019, CIOFALO texted the CI, "You have no fucking clue. The shit you put me in from last night. I told people to come and pick up the money you owe they sent 4 thugs to the restaurant last night. Pushed me all around the fucking restaurant. If you don't get me this money I'm going to take action. And I mean action." The CI replied, "Please john bear with me I'll come by I'll take care of this I'll get back to you later." CIOFALO responded, "I had fucking people push me around my restaurant because of you. You better find money today and get it to me."

i. On or about April 20, 2019, CIOFALO texted the CI, "you better call me. Same fucking lies every time. You really are a piece of garbage. I have no alternative."

j. On or about April 25, 2019, CIOFALO texted the CI, "What the fuck . . . I'm done. Calling people." The CI responded, "I am waiting I told you I have something this week waiting."

k. On or about April 26, 2019, CIOFALO texted the CI, "Another fucking lie from you. You are a fucking worm. You should be embarrassed to look in the mirror. How the fuck can you keep lying like this. Scumbag. You'll get what's coming to you."

l. On or about April 27, 2019, CIOFALO texted the CI, "Where the fuck are you. These mother fuckers just walked into my restaurant in the middle of dinner ina Saturday night. . . you haven't a fucking clue what's going to happen you better bring me my fucking money tonight or it's coming down on you like something who have never seen You are a piece of shit. You fucking cocksucker. Watch your back you mother fucker."

m. On or about April 28, 2019, CIOFALO texted the CI, "Get your fucking ass over here with the money now. What time. These fucking guys . . . Are coming to get money. You fucking cocksucker These mother fuckers are out for blood. And you just lied again. . . . And that's not ok. If you fucking lie again I swear on my kids you will regret the day we fuckin met." The CI responded, "If you want me to come up there I will come there right now with no money and you can do whenever the fuck you wanna do. You're going crazy for 6000 fucking dollars" CIOFALO texted, "Tell me your address if you want and be there. I'll send the motherfuckers who pushed me around my restaurant and who showed up last night. Or come here today with the 6000 that you think is nothing. You asshole."

n. The CI responded, "John I know you're upset but really you got to chill out a little bit I promise you this lady will give us the money I promise that's 100% you have to relax please." CIOFALO replied, "I'm not chilling out on anything. Bring me my fucking money. And it better not be \$1000. I'm gonna find you nd her. Bring me my fucking money. I'm not playing any ducking more. These guys are on me. The

next step is going to have them come look for you. These mother fuckers are for real and the last thing you want is them chasing you down. Bring me my money." CIOFALO later texted, "They want your number to trace your location. I have not given it to them. That's the next step. They are all over me. You fucking prick. I'm going to give them your number if I don't have the money by Thursday. It's gonna be your choice of what happens. I've never been around people like this. They would cut you up rather than say hello. Never knew people existed like this except in the movies. SO ITS YOUR CHOICE THURSDAY BRING ME MY MONEY OR THEY WILL FIND YOU THRU YOUR PHONE."

9. Based on my participation in this investigation and my conversations with other law enforcement agents, I know that, on or about May 2, 2019, law enforcement agents equipped the CI with a recording device, provided the CI with \$1,000, and instructed the CI to meet with JOHN CIOFALO, the defendant, at a restaurant that CIOFALO owns in New City, New York, in order to make a \$1,000 payment toward the CI's debt. That same day, the CI met with CIOFALO in the restaurant. Other law enforcement agents and I observed the meeting from inside the restaurant. Based on those observations, my conversations with the CI, and my review of the audio recording that captured the interaction, I know the following:

a. When the CI handed CIOFALO the \$1,000, CIOFALO became angry that the CI had not brought enough money to pay off the entire debt, stating, "What is this? I told you don't bring me this." CIOFALO then stated, "These guys are coming after you motherfucker."

b. CIOFALO further demanded, "Give me your address. Give me your license." As he did so, CIOFALO reached for the CI's wallet and attempted to physically remove it from the CI's pocket.

c. According to the CI, CIOFALO then raised a fist, prompting the CI to state, "You and me? One shot and I'll knock you out." CIOFALO responded, "Get out of the restaurant. Bring me my fucking money. . . . Give me an address to have them fucking come over. Give me an address. Give me an address. . . . Get the fuck out of the restaurant." The CI then left the restaurant.

10. Based on my review of text messages exchanged between JOHN CIOFALO, the defendant (using the 9467 Phone) and

the CI, I know that CIOFALO and the CI had the following communications:

a. On or about May 2, 2019, after the CI paid CIOFALO the \$1,000 and left the restaurant, CIOFALO texted the CI, "Got your plate number that's good enough for them." The CI responded, "Hey John this is scumbag you could [not have] got my plate because my friend drove me up there." CIOFALO stated, "Well scumbag then I got his. . . . Your [sic] a real tough guy without them around. Why don't you just give me your address and they will meet you. I'm not a tough guy they are."

b. On or about May 16, 2019, CIOFALO texted the CI, "3 fucking goons just walked in and are walking through the dining rooms asking customers if they are enjoying their food. They just came over to me and said that they are going to do this until pay them there [sic] money. You need to get this done I'm at the end of my rope with this."

11. Based on my participation in this investigation and my conversations with other law enforcement agents, I know that, on or about May 16, 2019, law enforcement agents equipped the CI with a recording device, provided the CI with \$2,000, and instructed the CI to meet with JOHN CIOFALO, the defendant, at the restaurant that CIOFALO owns in New City, New York, in order to make a \$2,000 payment toward the CI's debt. That same day, the CI met with CIOFALO in the restaurant and paid the CI the \$2,000. Other law enforcement agents surveilled the meeting.

12. Based on my review of text messages exchanged between JOHN CIOFALO, the defendant (using the 9467 Phone) and the CI, I know that CIOFALO and the CI had the following communications:

a. On or about June 14, 2019, CIOFALO texted the CI, "How fucking dare you. I only wish [t]hat the people that come into my business looking for the money you owe [c]atch up with you."

b. On or about June 15, 2019, CIOFALO texted the CI, "You have become a night mare. Please get me the \$3800. So I can give to these thugs that are torturing me."

c. On or about June 20, 2019, CIOFALO texted the CI, "You need to bring me the money. These mother fuckers are ready to cause real trouble here."

WHEREFORE, deponent respectfully requests that JOHN CIOFALO, the defendant, be imprisoned or bailed, as the case may be.

/s/ Karen Altieri, Credential No. 22963
SPECIAL AGENT KAREN ALTIERI
FEDERAL BUREAU OF INVESTIGATION

Sworn to before me this
5th day of August, 2020

Judith C. McCarthy
THE HONORABLE JUDITH C. McCARTHY
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK